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Message Text

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66
ACTION EB-11

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-10 ADP-00 L-03 SCEM-02

COME-00 INT-08 TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01

SS-15 NSC-10 PRS-01 CIEP-02 RSR-01 /121 W
---------- 042535
P R 251820 Z MAY 73
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 579
INFO AMEMBASSY BONN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
USMISSION EC BRUSSELS

C O N F I D E N T I A L PARIS 14722

E. O.: 11652: GDS
TAGS: ENRG FR LY
SUBJ: LIBYAN OIL NEGOTIATIONS

REF: A. STATE 97463
STATE 96585

EMBASSY MET WITH MFA PETROLEUM OFFICER MAY 24 AND
MADE POINTS CONTAINED REF A AND DREW UPON REF B.
OFFICIAL STATED THAT GOF VERY CONCERNED ABOUT THE LIBYAN
SITUATION AND AWARE THAT LARG COULD ACT PRECIPITIOUSLY
BUT LACKED CURRENT INFORMATION ON STATUS OF NEGOTIATIONS
SINCE NO FRENCH OWNED COMPANIES DIRECTLY INVOLVED. HE
WAS FULLY AWARE OF SERIOUS CONSEQUENCES FOR EUROPEAN
CRUDE SUPPLY IF LIBYA WOULD SHUT DOWN EVEN ONE LARGE
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PRODUCING GROUP. OFFICIAL APPRECIATED OUR INFORMING HIM OF SITUATION AND REMARKED THAT HE AGREED WITH COMPANY ANALYSIS THAT IF LIBYAN DEMANDS MET, PARTICIPATION AND IRANIAN ACCORDS WOULD BE JEOPARDIZED.

2. OFFICIAL STATED THAT HE DID NOT KNOW WHAT MIGHT BE DONE TO LIMIT " ARDOR" OF LARG. HE ADDED THAT GOF' S INFORMATION TOO FRAGMENTARY TO SUGGEST WHAT STEPS MIGHT BE TAKEN BY CONSUMER GOVERNMENTS BUT SINCE LIBYA HAS ALWAYS BEEN THREATENING IT WAS PROBABLY BEST NOT TO PROVOKE A CRISIS, BUT JUST TO WAIT AND SEE WHAT HAPPENED.

3. COMMENT: GOF ATTITUDE IN REGARD TO USG REPRESENTATION FOR A CONSUMER EMBARGE IN CASE OF EXPROPRIATION BY LARG WOULD DEPEND UPON THE EXTENT OF THE NATIONALIZATION AND TACTICAL CONSIDERATIONS. AS A METTER OF POLICY FRENCH COMPANIES WOULD BE RELUCTANT TO PURCHASE " HOT OIL" AND WOULD RESPECT NATIONALIZED COMPANIES " WARNING LETTERS". THE GOF IS INTERESTED IN THE OVERALL STABILITY OF INTERNATIONAL OIL SITUATION. WE DO NOT BELIEVE THEY WOULD SEEK POSSIBLE SHORT TERM ADVANTAGES FOR FRENCH OIL COMPANIES UNLESS THE ARGUMENT " EITHER US OR THE COMMUNISTS" CONVINCING SINCE THIS ARGUMENT SEEMS MOST UNLIKELY IN LIBYAN CASE, GOF WOULD NOT ALLOW FRENCH OIL COMPANIES TO SUBSTITUTE THEMSELVES FOR ANGLO- SAXON OIL COMPANIES IN LIBYA EVEN IF CFP OR ELF- ERAP HAD THAT IN MIND. IF NATIONALIZATION MINOR IN TERMS OF EFFECT ON OVERALL SUPPLY GOF MIGHT QUESTION NEED TO GO BEYOND TRADITIONAL WARNING LETTERS AND BE OPPOSED TO ESCALATION TO " CONSUMER EMBARGO" BY COUNTRIES WHICH WOULD, IN EFFECT, EMBARGO IN ANY CASE. IF, HOWEVER, TOTALITY OF LIBYAN PRODUCTION NATIONALIZED, AND RESULTANT EMBARGO LEADS TO EUROPEAN OR WORLD SHORTAGE, FRENCH WILLINGNESS TO GO ALONG WITH EMBARGO WOULD BE CONTINGENT UPON CONSUMER SHARING, (FYI - IN 1972 ONLY 8 PERCENT OF FRENCH CRUDE - 10 MILLION TONS OUT OF 120 MILLION TONS - CAME FROM LIBYA." GOF " HANDS- OFF" ATTITUDE WOULD NATURALLY CHANGE UPON COMPENSATION SETTLEMENT FOLLOWING NATIONALIZATION. END COMMENT.
IRWIN

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*** Current Classification *** CONFIDENTIAL

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30 JUN 2005

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Subject: LIBYAN OIL NEGOTIATIONS
TAGS: ENRG, FR, LY
To: BONN
EB
JIDDA
KUWAIT
LAGOS
LONDON
ROME

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SECSTATE WASHDC
TEHRAN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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